

## CONDOMINIUM PUBLIC REPORT

Prepared &  
Issued by:

Developer: CHARLES T. LYDGATE and AMELITA P. LYDGATE, Trustees  
Address: 92-132 Aipo'ola Place, Ewa Beach, Hawaii 96706

ERIC A. PETERSON and CAMILLE M. PETERSON, Trustees  
2772 Sunset Hills, Escondido, California 92025

Project Name (\*): HONOIKI COTTAGES CONDOMINIUM  
Address: 5232 Old Makena Road, Kihei, Hawaii 96753

Registration No. 6093  
(Partial Conversion)

Effective date: September 6, 2006  
Expiration date: October 6, 2007

### Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

**Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.**

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

### Type of Report:

<input type="checkbox"/> <b>PRELIMINARY:</b> (yellow)	The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
<input checked="" type="checkbox"/> <b>FINAL:</b> (white)	The developer has legally created a condominium and has filed complete information with the Commission. [ <input checked="" type="checkbox"/> ] No prior reports have been issued. [ ] This report supersedes all prior public reports. [ ] This report must be read together with _____
<input type="checkbox"/> <b>SUPPLEMENTARY:</b> (pink)	This report updates information contained in the: [ ] Preliminary Public Report dated: _____ [ ] Final Public Report dated: _____ [ ] Supplementary Public Report dated: _____
And	[ ] Supersedes all prior public reports. [ ] Must be read together with _____ [ ] This report reactivates the _____ public report(s) which expired on _____

(\*) Exactly as named in the Declaration

*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.*

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

☐ Required and attached to this report

☒ Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☒ No prior reports have been issued by the developer.

☐ Changes made are as follows:

**SPECIAL ATTENTION**

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. Where land area beneath and immediately appurtenant to each apartment is designated a **LIMITED COMMON ELEMENT** it is not a legally subdivided lot. Dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

2. The entire condominium land is located within the Special Management Area (SMA). Under State and County law, any improvements to the property will require review and approval by governmental agencies, including the County of Maui Planning Commission, under applicable rules and regulations. Under current rules, as a condition to any increase in the area of Unit A, a portion of Unit A built within the 25 feet setback must be removed. Unit A is partially constructed within the setback area is a non-conforming use. Additional limitations may apply to expansion, alteration or repair of a unit under the building code and zoning ordinance for the County of Maui.

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.**

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: **CHARLES T. LYDGATE and** Phone: **(808) 371-0369**  
**AMELITA P. LYDGATE, Trustees**  
**91-132 Aipo'ola Place**  
**Ewa Beach, Hawaii 96706**

**ERIC A. PETERSON and** Phone: **(760) 802-4303**  
**CAMILLE M. PETERSON, Trustees**  
**2772 Sunset Hills**  
**Escondido, California 92025**

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary): **NOT APPLICABLE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate  
Broker\*: **NONE SELECTED. See page 20(A)** Phone: \_\_\_\_\_  
(Business)  
\_\_\_\_\_  
Business Address

Escrow: **TITLE GUARANTY ESCROW SERVICES, INC.** Phone: **(808) 244-7924**  
**35 South Market Street**  
**Wailuku, Hawaii 96793**

General  
Contractor\*: **PACIFIC ENERGY STRATEGIES LLC** Phone: **(808) 671-5566**  
**94-1093 Hanauna Street, Suite 102**  
**Waipahu, Hawaii 96797**

Condominium  
Managing  
Agent\*: **Self-managed by the Association** Phone: \_\_\_\_\_  
**of Apartment Owners** (Business)  
**Name**  
\_\_\_\_\_  
**Business Address**  
\_\_\_\_\_

Attorney for  
Developer: **KAREN TEMPLE** Phone: **(808) 244-8222**  
**Attorney at Law, LLLC**  
**24 N. Church Street, Suite 200**  
**Wailuku, Hawaii 96793**

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

☐ Proposed

☒ Recorded -

Bureau of Conveyances:

Document No. **2006-112871**

Book \_\_\_\_\_ Page \_\_\_\_\_

☐ Filed -

Land Court:

Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

☐ Proposed

☒ Recorded -

Bureau of Conveyances Condo Map No. **4254**

☐ Filed -

Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed

☒ Recorded -

Bureau of Conveyances:

Document No. **2006-112872**

Book \_\_\_\_\_ Page \_\_\_\_\_

☐ Filed -

Land Court:

Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☐ Proposed ☒ Adopted ☐ Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	100%
Bylaws	65%	100%
House Rules	---	N/A

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

☒ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

☐ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

### III. THE CONDOMINIUM PROJECT

#### A. Interest to be Conveyed to Buyer:

- ☒ Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- ☐ Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     ☐     Monthly     ☐     Quarterly  
                                 ☐     Semi-Annually     ☐     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:     ☐ Month ☐ Year

#### For Sub-leaseholds:

☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:     ☐ Canceled     ☐ Foreclosed

☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- ☐ Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     ☐     Monthly     ☐     Quarterly  
                                 ☐     Semi-Annually     ☐     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:     ☐ Month ☐ Year



- ☒ Other: Note: The County has not approved the subdivision of the units and their limited common elements into individual subdivided lots. They are being sold as condominiums only.

### **IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

#### **B. Underlying Land:**

Address: 5232 Old Makena Roady  
Kihei, Maui, Hawaii 96753

Tax Map Key (TMK): (2) 2-1-7-6

☐ Address ☐ TMK is expected to change because \_\_\_\_\_  
The address and tax map key number are not expected to change. \_\_\_\_\_.

Land Area: 9,478\* ☒ square feet ☐ acre(s) Zoning: Interim

\*10,704 square feet, less 1,224 square feet of eroded area, leaving a net area of 9,478 square feet, more or less

Fee Owner: CHARLES T. LYDGATE and AMELITA P. LYDGATE, Trustees  
92-132 Aipo'ola Place, Ewa Beach, Hawaii 96706

ERIC A. PETERSON and CAMILLE M. PETERSON, Trustees  
2772 Sunset Hills, Escondido, California 92025

Lessor: Not applicable  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

C. **Buildings and Other Improvements:**

1. ☐ New Building(s)  
☐ Conversion of Existing Building(s)  
☒ Both New Building(s) and Conversion

2. Number of Buildings: 1 Floors Per Building: Apt A: 1 floor  
Apt B: 2 floors

☐ Exhibit \_\_\_\_\_ contains further explanations.

3. **Principal Construction Material:**

☒ Concrete ☐ Hollow Tile ☒ Wood

☒ Other Metal \_\_\_\_\_

4. **Uses Permitted by Zoning:**

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

☒ Yes ☐ No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

☒ Pets: -- No livestock shall be allowed or kept on any part of the Project.  
 -- No pet shall be a "pest" as defined under HRS §150A-2, or an animal prohibited from importation under applicable sections of Hawaii law.

☐ Number of Occupants: \_\_\_\_\_

☐ Other: \_\_\_\_\_

☐ There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0

Stairways: 0

Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>Bedroom/Bath</u>		<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
A	1	2	1	800	335 21 237	covered lanai entry shared breezeway
B	1	0	2	592	1021 137	deck & lanai shared breezeway

Total Number of Apartments: 2

**\* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment: Each apartment is measured horizontally by the distances between the finished exterior surface of perimeter walls, windows and doors, and vertically by the distances between the finished exterior surface (bottom) of its foundation and floor supports and the finished exterior surface of its roof.

Permitted Alterations to Apartments:

Interior: Non-structural interior alterations may be made at any time by the apartment owner, in accordance with applicable law.

Structural Alterations: Subject to the prior approval of the Board of Directors and upon obtaining all necessary government approvals and permits.

All costs associated with alterations shall be at the apartment owner's sole cost and expense.

Apartments Designated for Owner-Occupants Only: **NOT APPLICABLE TO THIS PROJECT.**

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has \_\_\_\_\_ elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 2

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: Apt A	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Apt B	<u>0</u>	<u>1</u>					<u>1</u>
Total Covered & Open:	<u>2</u>		<u>0</u>		<u>0</u>		<u>2</u>

Each apartment will have the exclusive use of at least \*1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

\*Each apartment will have the right to park in the limited common element appurtenant to said apartment. Apartment A has designated parking space P-A, and Apartment B has designated parking space P-B, as shown on the Condominium Map.

☐ Commercial parking garage permitted in condominium project.

☐ Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

☐ There are no recreational or common facilities.

☐ Swimming pool      ☐ Storage Area      ☐ Recreation Area

☐ Laundry Area      ☐ Tennis Court      ☐ Trash Chute/Enclosure(s)

☒ Other: Common Area containing 497 square feet for pedestrian access; septic tank, leech field and related equipment.

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

☒ There are no violations.      ☐ Violations will not be cured.

☐ Violations and cost to cure are listed below:      ☐ Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

The structural components, mechanical and electrical installations material for the use and enjoyment of each apartment and the Project appear to be in normal working order subject to normal wear and tear.

Pursuant to Hawaii Revised Statutes §514A-40(b)(3), the Declarant hereby states that no representations are made in regard to the expected useful life of the structural components, mechanical and electrical installations material to the use and enjoyment of the Project.

11. Conformance to Present Zoning Code

a. ☒ No variances to zoning code have been granted.

☐ Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	All		
Structures	Unit B	Unit A*	
Lot	Yes		

\*Unit A was legally constructed in 1964, however, a portion of Unit A is now located within the setback area.

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual units. Although the common elements are owned jointly by all unit owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those units to which they are assigned. The common elements for this project, as described in the Declaration, are:

☒ described in Exhibit     A    

☐ as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit B

☐ as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☐ described in Exhibit \_\_\_\_\_.

☒ as follows: The Project consists of only two units.

To assure a fair balance in association management, common interest is allocated equally between the two units. Each Unit shall have appurtenant thereto an equal undivided **50%** interest in the common elements of the Project.

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit C describes the encumbrances against the title contained in the title report dated June 21, 2006, and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[✕] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
Mortgage dated September 1, 2004, in favor of Mortgage Electronic Registration Systems, Inc., solely as a nominee for Countrywide Home Loans, Inc. recorded as Document No. 2004-195031 in the initial amount of \$500,000.	Mortgage will be released prior to conveyance of any unit to Buyer.  If any said lien is foreclosed prior to conveyance to Buyer all of Buyer's deposits will be refunded immediately by escrow.

F. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

WARRANTIES OFFERED BY THE CONTRACTOR AND/OR BUILDER OF APARTMENT B, IF ANY, FOR ONE YEAR FROM DATE OF COMPLETION.

NO OTHER WARRANTIES ARE OFFERED.

2. Appliances:

WARRANTIES OFFERED BY MANUFACTURER OF APPLIANCE, IF ANY.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

All construction of the Project has been completed.

Unit A was built in 1964.

Unit B was completed and passed final inspection on November 29, 2005. Unit B cannot be sold prior to November 29, 2006. Prior to the sale of Unit B, a supplementary public report shall be issued to disclose updated information (i.e. County's Miscellaneous Inspection Report).

H. **Project Phases:**

The developer [ ] has [✖] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):



#### IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

☐ not affiliated with the Developer ☐ the Developer or Developer's affiliate  
☒ self-managed by the Association of Apartment Owners ☐ Other: \_\_\_\_\_

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit D contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☐ None ☐ Electricity ( ☐ Common Elements only ☐ Common Elements & Apartments)  
☐ Gas ( ☐ Common Elements only ☐ Common Elements & Apartments)  
☒ Water ☒ Sewer ☐ Television Cable  
☒ Other Refuse

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- ☐ Notice to Owner Occupants
- ☒ Specimen Sales Contract  
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- ☒ Escrow Agreement dated June 30, 2006  
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other: \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 6093 filed with the Real Estate Commission on June 30, 2006.

Reproduction of Report. When reproduced, this report must be on:

☐ YELLOW paper stock

☒ WHITE paper stock

☐ PINK paper stock

C. **Additional Information Not Covered Above**

1. **Water.** The condominium is served by a single water meter and water use for both apartments will be billed to the Association of Unit Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the unit owners as common expense assessments. For purposes of the estimated budget, it is assumed that each unit will pay an equal share for water.

The County of Maui Department of Water Supply has adopted a policy to require that each unit in a condominium with each unit designated as a separate unit have a separate meter. BUYER IS CAUTIONED THAT BUYER MAY BE FORCED TO OBTAIN A METER AS A CONDITION TO ANY REMODELING, EXPANSION OR REPLACEMENT OF BUYER'S UNIT IF THE UNITS ARE SEPARATED. BUYER IS REFERRED TO THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

2. **Sewer.** County sewer service is not available. The condominium is served by one on-site private septic system within Yard Area A and is a common element. The Association of Unit Owners shall be responsible for operating, maintaining, repairing and replacing the on-site private septic system, which shall comply with all applicable laws, rules and regulations. The location of the septic system is shown on the site plan of the Condominium Map. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the septic system and appurtenances.
3. **Immediate Access.** Each unit has direct access to the Limited Common Element on which the unit is located. Each unit has direct access to and from roadway Lot 4 of the De Lima Subdivision (TMK (2) 2-1-7-77) to Lot 5 of the De Lima Subdivision (TMK (2) 2-1-7: portion 56). An undivided one-third (1/3) interest in roadway Lot 4 has been submitted together with the land under the Condominium Property Regime.

There is a non-exclusive, perpetual easement over Lot 5 for vehicular and pedestrian access to the owners of adjacent lots, occupants, their tenants, guests, licensees and visitors of said owners, including the subject property (Lot 3 of the De Lima Subdivision) providing access to a public road, Old Makena Road.

Roadway Lot 4 and the easement over Lot 5 may be subject to several agreements and easements described on Exhibit C. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION CONCERNING THE MAINTENANCE OF THE ROADWAY LOT AND EASEMENT.

4. **Mailboxes.** Each unit shall have its own separate mailbox to be installed by buyer at a location designated by the U.S. Post Office.
5. **Insurance.** Hawaii law requires that the Association of Unit Owners carry liability insurance on the entire condominium as a common expense. Purchasers are urged to review this requirement with their insurance advisors.
6. **SMA Approval Requirements.** The entire condominium land is located within the Special Management Area (SMA). Under State and County law, any improvements to the property will require review and approval by governmental agencies, including the County of Maui Planning Commission, under applicable rules and regulations. Under current rules, as a condition to any increase in the area of Unit A, a portion of Unit A built within the 25 feet setback must be removed.

C. **Additional Information Not Covered Above (continued)**

7. **Flood Zone.** The property is subject to a flood zone. However, the property is currently not insured against flood. Purchasers should consult with the County of Maui regarding any building and use restrictions which may be affected by this limitation.
8. **Zoning and Land Use Violations.** In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example if one owner builds or adds to a structure in a manner which violates height limits, size limits, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized use, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THESE IMPORTANT RISKS.
9. **Rollback Taxes.** The land may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Maui, for further information.
10. **Agreements/Easements on Records.** The title is encumbered by several agreements and easements described on Exhibit C. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION.
11. **Asbestos Disclosure.** Asbestos materials are hazardous to one's health, particularly if asbestos fibers are released into the air and inhaled. In the past (prior to 1979, but possibly more recently) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling materials, shingles, plaster products, cement and other building materials. Buyer may wish to make appropriate inquiry into the possible existence of asbestos on the property. Structures having "popcorn" or "cottage cheese" type ceilings may contain asbestos fibers or asbestos-containing material. Such a ceiling should not be disturbed because disturbance could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors.
12. **Lead Paint.** Unit A was constructed in 1964. Every purchaser of any interest in residential real property on which the residence was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint.
13. **Hazardous Waste and Toxic Substances Disclosure.** Federal and state laws place strict liability on property owners for dangers caused by hazardous waste and may require that such owner pay for the cost of the cleanup of hazardous substances and other toxic substances. The Developer is only aware of residential use of the property. Buyer may have liability for hazardous substances located on or under the property even if Buyer did not cause such substances to be on or under the property. Therefore, Buyer may wish to make appropriate inquiries into the past use of the property and seek an environmental assessment to ascertain the possible existence of such hazardous substances located on or under the property.
14. **Disclosure regarding selection of Real Estate Broker.** The Developer has not selected a real estate broker for the sale of the condominium units in the project at this time. In the event the Developer chooses to use a real estate broker for the sale of a condominium unit, prior to entering into a binding contract for such sale the Developer shall submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker and an amendment to this Public Report.

C. **Additional Information Not Covered Above (continued)**

15. House Rules. The Developer has adopted House Rules which the Buyer should review. Buyer's attention is called to the following:

- (A) The owner of Unit A shall have the right to make the final determination of the type and height of the vegetation grown in the Common Area along the walkway providing access to the units identified as the "Vegetation Area" on the map attached hereto as Exhibit "A" and incorporated herein, containing an area of approximately 248.52 square feet (4' x 62.13').
- (B) A sub-meter has been installed for the water meter to the property. Water is to be split based on actual usage. The water meter will be read at least every 6 months to determine the actual usage of water by each unit so that the owners of each unit can pay their proportional share of actual water and sewer usage.
- (C) Units will share, equally, the expense for refuse collection and ground maintenance.
- (D) If the owner(s) of Unit A exercises the right to relocate the septic system shared with Unit B as provided in the Declaration. To the extent that such relocation results in the loss of rental income for Unit B, the owner of Unit A shall compensate the owner of Unit B for said lost income as agreed by the parties prior to the removal of the septic system.
- (E) No buildings or structures may be constructed within a portion of Yard Area A & B along the common boundary abutting the ocean, as more particularly depicted on the copy of the Condominium Map attached as Exhibit "A" as the "View Plain Area," for the purpose of maintaining scenic views, air, light, and open space for the benefit of both units. No owner shall construct, build, plant, erect, permit or maintain, or allow anyone else to construct, build, plant, erect or maintain any building, fence, gate, wall, or other structure(s), or any hedge, landscaping or other vegetation other than grass in this area.

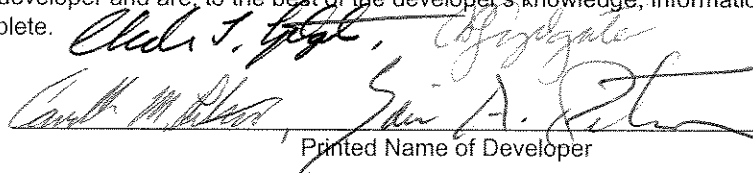
The "View Plain Area" shall be kept available for the shared use of the owners, guests, invitees and tenants of both units despite the fact that the area constitutes a portion of the limited common area designated for the exclusive use of each unit on the Condominium Map and in the Declaration.

To facilitate the shared usage of this area, each Unit Owner shall include instructions related to the shared usage of this area (as agreed upon by the owners of both units from time to time) so all guests, invitees and tenants of each unit are aware of this agreement.

- (F) Access to the Ocean from Unit B shall be along the common ocean access area on the driveway, Lot 4.

16. Limitation on Sale of Unit B: The Developer cannot sell Unit B until after November 29, 2006 since the law covering the sale of property improved by an owner-builder requires that at least a year must elapse from completion of the improvement before it can be offered for sale. The developer shall obtain a miscellaneous inspection report from the County of Maui, and shall apply for the issuance of a supplementary public report.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

  
Printed Name of Developer

By: \_\_\_\_\_ June 12, 2006  
Duly Authorized Signatory\* Date  
Charles T. Lydgate & Amelita P. Lydgate, Trustees under The Charles & Amelita  
Lydgate Family Trust dtd 11/19/2002; and Eric A. Peterson & Camille M. Peterson,  
Trustees under The Peterson Family Trust dtd 3/15/2005

\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, \_\_\_\_\_ County of Maui

Planning Department, \_\_\_\_\_ County of Maui

**\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.**

## **EXHIBIT A**

### **Common Elements**

The common elements of the Project will include the following:

One freehold estate is hereby designated in all remaining portions of the Project, not including the units and limited common elements as described herein, but specifically including the land, in fee, septic tank, leech field and related equipment, and those areas specifically identified as “common areas” on the condominium map.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof or the units except as may be provided in the Condominium Documents and By-Laws.



## **EXHIBIT B**

### **Limited Common Elements**

Certain parts of the common elements, herein called the "limited common elements," or "exclusive limited common elements" are hereby designated and set aside for the exclusive use of the certain unit or units specified, and such unit or units shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

(a) Yard Areas. Each unit shall have appurtenant to it one or more land areas, described and depicted as a Limited Common Element or "Yard Area," as depicted on the Condominium Map. Unit A has appurtenant to it Yard A, consisting of approximately 4,490 square feet. Unit B has appurtenant to it Yard Area B, consisting of approximately 4,324 square feet.

The Unit Owners shall have the right to reallocate and reconfigure the location of the Yard Area appurtenant to their respective units upon prior notice to the Board of Directors and appropriate amendment to this Declaration and the Condominium Map. The amendment shall be signed and approved by the owners (and their respective mortgagees if any) delivered to the Board of Directors prior to recordation. The amendment shall be effective only upon the recording of the same in the Bureau of Conveyances. All costs and expenses associated with such amendment, including, but not limited to, attorneys fees, architect/engineering fees and recording costs shall be borne by the owner(s) requesting such amendment.

(b) Mail Boxes. A separate receptacle for delivery of mail ("mail box") shall be designated for each unit, which mailbox is a limited common element appurtenant to each unit. Mail boxes will be located as directed by the United States Postal Service. The exact location of each mail box, and the design, maintenance and use of the mail box, may be further determined under the Bylaws or House Rules.

## **EXHIBIT C**

### **Encumbrances Against Title**

A preliminary title report, prepared by Title Guaranty of Hawaii, Inc. as of June 21, 2006, indicates that the following encumbrances presently exist against the title of the land which constitutes the Honoiki Cottages Condominium.

1. Any and all real property taxes that may be due and owing.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.
4. AS TO PARCEL SECOND:  
  
Rights of others who may own undivided interest(s), or have easement or access rights, in said parcel.
5. The terms and provisions contained in Declaration of Condominium Property Regime of Honoiki Cottages Condominium dated June 12, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-112871, and Condominium Map 4254, and any amendments thereto.
6. The terms and provisions contained in By-Laws of the Association of Unit Owners of Honoiki Cottages Condominium dated June 12, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-112872.

**EXHIBIT D**  
**ESTIMATE OF INITIAL MAINTENANCE FEES**  
**AND**  
**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
A	\$ 587.50	\$ 7,050
B	\$ 587.50	\$ 7,050
	_____	_____
TOTAL:	\$1,175	\$14,100

***The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency***

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning			
Electricity			
[ ] common elements only			
[ ] common elements and apartments			
Elevator			
Gas			
[ ] common elements only			
[ ] common elements and apartments			
Refuse Collection	\$ 12	x 12	= \$ 144
Telephone			
Water and Sewer	336	x 12	= 4,032

Maintenance, Repairs and Supplies

Building			
Grounds	500	x 12	= 6,000

Management

Management Fee			
Payroll and Payroll Taxes			
Office Expenses	10	x 12	= 120

Insurance	160	x 12	= 1,920
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Reserves(*)	147	x 12	= 1,764
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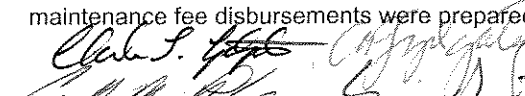
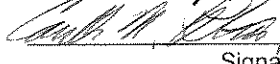
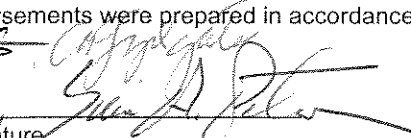
Taxes and Government Assessments

Audit Fees	10	x 12	= 120
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Other

TOTAL	\$1,175		\$14,100
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Charles T. Lydgate & Melita P. Lydgate, Trustees, and Eric A. Peterson & Camille M. Peterson, Trustees  
I, \_\_\_\_\_, as agent for/and/or employed by \_\_\_\_\_, the  
~~condominium managing agent~~ developer for the HONOIKI COTTAGES CONDOMINIUM  
condominium project, hereby certify that the above estimates of initial maintenance fee assessments and  
maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
  
  
Signature

June 12, 2006  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

ATTACHMENT TO EXHIBIT D  
MAINTENANCE FEE DISBURSEMENTS

EXPLANATION OF RESERVE ESTIMATE

In arriving at the figure for "Reserves" in the attached estimate, the Developer has not conducted a reserve study in accordance with HRS Section 514A-83.6 and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

The Declarant estimate is based on the following analysis.

Common element item, estimated useful life, replacement cost and reserve amount per year.

<u>Item</u>	<u>Useful Life</u>	<u>Replacement Cost</u>	<u>Per Year</u>
Septic system	25 years	\$44,000	1,760

<u>Reserve Amount:</u>	<u>Per Year</u>	<u>Per month</u>	<u>Per Apartment</u>
\$44,000	\$1,760	\$ 146.66	\$ 73.33

## **EXHIBIT E**

### **Summary of Sales Contract**

The Standard Form Deposit Receipt Offer and Acceptance (DROA) of the Hawaii Association of Realtors and Addendum attached thereto provides for the sale of an individual unit, in fee simple, together with an appurtenant percentage of the common elements of the project, including the land, as more specifically described in the Condominium Declaration.

Some of the terms and conditions set forth in the DROA include:

1. The total purchase price, including an initial deposit to be paid at the time of signing, any additional deposits to be paid and other financing information.
2. The closing date, closing costs, other closing matters, closing and pre-closing procedures and termination provisions, contingency for cash funds, and other financing contingencies.
3. Buyer's funds shall be held in escrow pending closing of the transaction pursuant to an Escrow Agreement, a summary of which is attached to this Public Report.
4. Remedies in the event of default by either party.
5. Seller's disclosures concerning asbestos, hazardous waste and "Megan's Law," and other inspections, maintenance, warranties, termite, rental matters, and brokers services and disclaimers.
6. Buyer's acknowledgment of receiving and reading the final public report for the Project prior to signing the DROA.
7. Buyer's acknowledgment of receiving and reviewing other documents that the Project is subject to, including but not limited to the Declaration, Bylaws, Escrow Agreement, and Condominium Unit Deed.
8. Seller makes no representation or warranty as to the floor plans and elevations of the apartments contained in the Condominium Map.

An addendum is attached to the DROA which specifically refers to the Condominium Project.

**NOTE:** THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE DROA AND ADDENDUM. COMPLETE TERMS AND PROVISIONS ARE CONTAINED IN THE DROA ITSELF, AND IN THE EVENT OF ANY QUESTION OF INTERPRETATION, OR CONFLICT BETWEEN THE TERMS OF THE DROA AND OF THIS SUMMARY, THE TERMS OF THE DROA SHALL APPLY.

NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE CONTRACT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF, OR AN AMENDMENT OR MODIFICATION OF, THE SUBJECT CONTRACT. THE TERMS OF THE ACTUAL CONTRACT BETWEEN SELLER AND BUYER (AND ONLY THOSE TERMS) SHALL APPLY. THEREFORE, A PROSPECTIVE PURCHASER IS URGED TO READ THE ENTIRE DROA, CAREFULLY AND IN DETAIL, AND TO CONSULT WITH HIS OR HER OWN ADVISORS IF ANY QUESTIONS EXIST, BEFORE SIGNING THE DROA.

## **EXHIBIT F**

### **Summary of Escrow Agreement**

An escrow agreement provides the terms under which the deposits by a buyer pursuant to a sales contract between the Developer as seller and any prospective buyer will be held and disbursed by a neutral party ("Escrow").

Some of the standard terms and conditions of the Escrow Agreement are summarized briefly below. Complete terms and provisions are contained in the Escrow Agreement itself, and in the event of any question of interpretation, or conflict between the terms of the Agreement and of this summary, the terms of the Agreement shall apply.

1. SALES CONTRACTS AND PAYMENTS. Seller/Developer will have each Buyer sign a sales contract and deliver it to Escrow together with Buyer's first deposit against the purchase price. Buyer will make all other payments of the purchase price required in the sales contract to Escrow.

2. COLLECTION NOTICES. Escrow will inform Buyer of any further payments and when they are due under the sales contract.

3. REFUNDS. Escrow will make any refunds as directed by Seller and Buyer in writing as determined by the sales contract, subject to any deduction by Escrow of "cancellation fees" as permitted by the sales contract and the Condominium Law, unless the terms of the Escrow Agreement or Seller instructed otherwise.

4. DEFAULT. The Escrow Agreement also establishes procedures for the retention and disbursement of the Buyer's funds when a default occurs under the sales contract.

5. CLOSING. Escrow will arrange for the Buyer to sign all necessary documents, and recordation of documents in the appropriate registration system. Escrow will disburse all money that Escrow has received as required by the sales contract.

6. STATUTORY PROVISIONS CONTROL. Anything in the Contract notwithstanding, the provisions of Chapter 514A of the Hawaii Revised Statutes (Condominium Property Act), if in conflict with the Escrow Agreement, shall control.

**NOTE:** THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE ESCROW AGREEMENT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE ESCROW AGREEMENT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF OR AN AMENDMENT OR MODIFICATION OF THE AGREEMENT. THE ESCROW AGREEMENT CONTAINS VARIOUS OTHER IMPORTANT PROVISIONS AND ESTABLISHES CERTAIN CHARGES WHICH THE BUYER SHOULD KNOW. THE TERMS OF THE ACTUAL AGREEMENT BETWEEN ESCROW AND THE SELLER/DEVELOPER (AND ONLY THOSE TERMS) SHALL APPLY.